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Business plan for Riomio:
An entrepreneurial social venture

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Abstract

In the most aged segment of the Portuguese population, loneliness has become more common and therefore, also its potential consequences, such as depression and anxiety. Riomio aims to be an alternative to the current medication burden by setting opportunities for elderly crafters to be part of the team. The brand is operating in the swimwear market where it positions itself as premium, delivering handmade products with an exclusive design that can incorporate customer's personalized requests. A low risk and simple business as Riomio can serve to inspire citizens to provide solutions to current social problems.

Keywords: Social Entrepreneurship, Business Plan, Strategy, Marketing

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1. Introduction - Business Idea

Riomio is a brand where all the products are handmade, through two techniques: while the swimwear is made in crochet; the bracelets, the glasses and camera straps are made in macramé. The founder first learnt macramé in primary school and developed her technique throughout all her childhood as a hobby, and as she started publishing her pieces on a Facebook page, bracelets were being ordered from all over the country. Meanwhile, already as a teenager, the founder learnt the basics of crochet, and later on started doing summer pieces for herself during the holidays as a way of having unique clothing that she could not find anywhere else in traditional shops. This hobby started growing as a passion and by acknowledging that it could be an opportunity to start a business with financial viability where risks were relatively low comparing to the returns it could have (more in detail in section Financial Analysis and Planning), the next step was to formalize the idea. Accordingly, the application to register a national brand in *Instituto Nacional da Propriedade Industrial* was submitted on the 31st January 2019 and on the 17th June 2019 it became officially a Portuguese national brand operating within the 14th and the 25th categories of products and services according to Nice classification. The experience of simultaneously running this brand and taking an International Master's in Management Degree has provided the founder with a very effective way of applying theoretical concepts in the real world, especially in areas related to Strategy, Marketing and Operations. Riomio is being an excellent learning tool for her founder, who perceives it as an important complement to her management studies and development of business skills.

2. Literature Review

2.1. Social Issue

The “Active ageing” concept

In a context of ageing of Europe, where life expectancy is higher and less births occur, the European population and more concretely, the Portuguese, is getting older. According to Cabral (2017), “The challenge of socio-demographic ageing in Portugal is, if anything, greater than in most countries in Europe and indeed in the world” and furthermore, “(...) Portuguese seniors have a much lower quality of life than European average”. It is, therefore, urgent that brands and firms take a position that looks towards a positive social impact on the country’s elderly population who suffers from high levels of loneliness which can result in consequent health issues. In this context, the World Health Organization created the concept of “active ageing” that aims to improve the elderly people’s quality of life, whose index is scored as the lowest by Portugal in comparison to Europe (Cabral, 2017). “Active ageing” as “the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age” (World Health Organization, 2002) can be put into practice by helping the older to maintain an active daily routine after they retire, keeping in contact with other people and investing their time in hobbies and occupations to feel useful for society as once they felt.

The crochet, knitting and macramé techniques as a mental health therapy

According to the annual report conducted by Observatório Português dos Sistemas de Saúde, Portugal not only is the second country with the highest number of elderly people taking benzodiazepines, being this pharmacotherapeutic class prescribed to 139 elderly people in every 1000, but also more than 60% of these elderly people take benzodiazepines over a prolonged period (Guedes, 2019). This same report adds that studies show that 59,2% of the elderly people are found to be polymedicated and that 37% take potentially inappropriate

medication (Guedes, 2019). If we extend the analysis to the whole Portuguese population, we find that Portugal has the third highest consumption of antidepressants in the OECD countries and first on the consumption of anxiolytics (Guedes, 2019). According to Nunes (2019), Portugal is late on the combat of mental illnesses and it is the country from OECD with the highest antidepressant consumption due to the lack of other solutions for this type of illnesses. And crafting, such as crochet, knitting and macramé, can be one of the solutions towards the improvement of mental health. According to Vercillo (2018), “It has been found that the rhythmic and repetitive motions of crochet and knitting help release serotonin, a key factor in helping resolve depression for many people”. These repetitive motions are also referred by Wilson as a way to make the parasympathetic nervous system activated (2015), resulting in a reduction of stress and anxiety. This author even adds that crafting “may also (...) increase happiness and protect the brain from damage caused by aging”. Although the benefits of crochet, knitting and macramé work for people from all ages, these crafting techniques are especially useful to combat loneliness in the elderly ones. According to Ritschel (2018), “the hobby (...) can help fight loneliness, a plague that affects 1.2 million older people in the UK, and increase a sense of usefulness and inclusion”.

Crochet, knitting and macramé as ways to soften the medication overload on patients and on the National Health Systems’ costs

Taking the example from the United Kingdom given by Ritschel (2018), where the National Health System “spends an annual (...) £300 million on antidepressants” and where “every GP appointment costs around £45”, new alternatives are needed to address this challenge. Ritschel (2018) provides us with one example of these alternatives, the Knit for Peace UK initiative, which gives knitters a purpose: they provide the elderly people with the yarns and their work (mainly knitted clothing) is afterwards donated for others in need (and therefore, making this a volunteering activity). This initiative elaborated a report called ‘The Health Benefits of

Knitting’ that presents statements of belief regarding the power of knitting as an effective way to reduce the number of doctor appointments taking into account that people would feel healthier, happier and less isolated (Ritschel, 2018). There are several effective alternatives to be implemented in the field of mental health which do not require a tremendous investment nor complex structures while enabling to reduce the medical costs related to the prescription of medication and the associated dependence of patients on them. As Vercillo (2018) writes: “Crafting is something that people may turn to when they want to relieve pain without medication”. After taking this example from the United Kingdom, it is relevant to verify what is the state of play in Portugal. The treatment of depression and anxiety in Portugal is still relying a lot on medication without almost any other alternative besides the pharmacological, as Miguel Xavier emphasizes (as cited in Campos, 2018). It is not surprising, therefore, that the antidepressant consumption in Portugal reached record levels in 2018, representing a cost of €35 million for the Portuguese taxpayers (Reis, 2019). In spite of this heavy scenario, there are already some Portuguese professionals in the mental health field that have the mindset needed to change this. For instance, the psychiatrist Miguel Xavier that although admits that some of the worse cases could not escape from medication, defends that there are other cases that could be solved without resorting to it (Campos, 2018). Similarly, the psychologist Miranda Rodrigues states that the current situation is not making patients to improve their own capacities but rather making them more dependent on medication. Accordingly, the psychologist argues that Portugal has one of two choices to make: the easy and quick path of prescribing medication and spending tons of money on that or investing once and for all on alternative mechanisms to improve health on a more sustained way than simply relying on psychopharmaceuticals (Reis, 2019). In spite of this, there has been some answers to cope with the current situation. It is logical that elderly people are more prone to fall into loneliness and therefore, more prone to develop depression and anxiety as a consequence. Fortunately, Portuguese initiatives are

appearing and enabling to fight this problem. Probably the most successful initiative in this scope of the last decade in Portugal is “A avó veio trabalhar”, an entrepreneurial social project that already works with a group of seventy people whose ages range from 57 to 94 years old, created in 2014 by designer Susana António and psychologist Ângelo Campota (Filipe, 2019). From the same source, we learn that most of these elderly people already knew knitting, crochet, embroidery and basketry and their activities on this project are: to create unique pieces to be sold, to organize workshops where they teach the techniques, to participate in fairs and conferences and even to be touristic guides in Lisbon, among others. Filipe (2019) includes the testimony of one of these women, Emília Tavares, aged 63, which shows how important this kind of initiatives is by saying that finding this project was the way to end with her loneliness (after her retirement and early widowhood). This project has received 84 thousand euros from the Lisbon City Council in its first two years, more recently 50 thousand euros from the same institution to dynamize a similar project for elderly men and finally, and a funding of Calouste Gulbekian in 2017 (Filipe, 2019). This project is one successful example showing that it is possible to cope with several social problems, namely isolation in aged people and its health consequences, by replacing a medication overload by human connections, socialization, crafting activities and inclusion within community. These mechanisms that are able to provide people with a sense of purpose and fulfilment seem to guarantee a more sustained and balanced way of fighting depression, anxiety and other mental illnesses than properly resorting solely to medication.

Putting ideas into practice in Riomio

Riomio wants to contribute actively to spread the benefits of crafting on mental health and overall well-being to as many people as possible, though being restricted of course by the financial possibility to do so. The first six months of existence of the brand were essential to verify if the business had a minimum of adherence in the Portuguese market in order to assess

its continuity in the future. Having verified so, the next step is to give opportunity for others to apply their talent on crochet and macramé while earning some extra money and benefiting from the already known positive health effects these techniques provide. Besides this, the brand believes that knitting, crochet and macramé is not only for elderly women. It is important to fight the stereotype society imposes on these types of crafting as being only suitable for them. Riomio believes that anyone can do it regardless of its age or gender. In spite of this, it is predictable that Riomio might find more elderly people than young when looking for people who master crochet and macramé skills. In fact, the person from whom the brand had a first positive answer to collaborate with is a woman aged 80. This partnership is to be formalized in the first quarter of 2020 just in time of the production of the brand's crochet swimwear pieces that will be on Riomio's 2020 summer collection. This represents a first step towards the accomplishment of the goal of making society more inclusive, namely with old people, as well as the recognition of their experience and talent as an important heritage to pass to younger generations.

2.2 Entrepreneurship/Strategy/Branding

If, on the one hand, Riomio wants to create a positive impact in solving a social issue, on the other hand, it aims to make it easier for women to choose handmade products with a unique design as an alternative to standardized mass-produced items. The combination of these two objectives results in an innovative business mindset which values a lot the knowledge and technique owned by experienced crafters in the making of a brand's products. It is required a change of mindset within a society when human talent is neglected because that translates into a whole set of wasted opportunities in an economy. And according to Ripsas (1998), "The change initiating force from within the economy is the entrepreneur". For an entrepreneur to be able to carry on with his/her innovative ideas that lead to change, a strategy must be set since the very beginning of a brand. As far as Riomio is concerned, Porter's (1996) strategy definition

as “the creation of a unique and valuable position, involving a different set of activities” is very appropriate. And in order for this strategy to be evident and reliable enough for the public, a very solid brand image must be created. Because brands have to manage really well customers’ expectations, they must assure that the value they deliver is what customers want. According to Barham (2009), “the successful brand is now expected to have a personality and a vision of the world; it needs to have authenticity and substance”. As customers are valuing more and more brands that are environmental and socially responsible, it will be very worthy to convey the social concerns behind Riomio to the public as well as to share its vision that age should not be a limitation but rather an advantage. As soon as Riomio is able to establish a team, it will be very important to show why a more aged segment is chosen so that the social mission of the brand is coherent with the authentic values that customers expect from it. A brand image which is consistent with the brand’s strategy is a key element to gain customers’ trust and recognition.

3. Market Analysis

3.1. Market assessment

The revenues from “manufacture of other knitted and crocheted apparel“ in Portugal amounted to \$278,36 million in 2016 (Statista, 2019) and this analysis forecasts an increasing trend for this industry from 2017 to 2023, increasing from \$295,63 million to \$388,11 million, respectively. Since the main product of this brand is crochet swimwear, it is important to know how this market is going to evolve in the next years. Due to the limited reliable amount of statistical data regarding swimwear specifically made in crochet, the next pieces of data regard the market of swimwear in general, and at a global extent. According to Statista (2019), the worldwide swimwear market was valued at \$18.85 billion in 2018 and its growing trend is expected to result in a value of \$29,1 billion in 2025.

3.2. Competitor analysis

Riomio is a brand that offers a range of four different types of product and therefore, it is useful to analyze the competitive environment for each of them. Starting with the first and most important group of products, the crochet swimwear, two national brands are found to offer similar products to Riomio's: Cru Swimwear and Hapuke. The following table summarizes the main characteristics of each.

Brand and year	Price	Fabric	Innovation	Sales Channels
Cru Swimwear (created in 2016)	98-130€	Mostly cotton	Includes interior lycra lining and elastic	Social media, online shop and resells at Casa do Pico
Hapuke (created in 2015)	30€	Cotton	Tailor-made production	Social media

Figure 1: Portuguese swimwear competitors (own figure).¹

These two brands follow opposed price strategies: while Cru Swimwear is setting premium prices, Hapuke opts to set more affordable prices for its crochet swimwear products. These are the most direct competitors due to the common geographic market they mainly serve with Riomio: Portugal. Nonetheless, it is also important to be aware of the international competitive environment. Namely, of brands such as: She Made Me, from Australia, with prices ranging from \$90 to \$240 (She Made Me, n.d.); Anna Kosturova, from Canada, with prices varying from \$90 to \$265 according to the brand's website (n.d.) and Maiyo, from the United Kingdom, whose prices are set generally around £100 (Maiyo, n.d.). Regarding the macramé camera straps, the most accurate reference of a similar product to Riomio's is from the Spanish brand Gmillet Straps priced at €50 according to this brand's online shop (n.d.). With respect to bracelets, the Portuguese brand Maria Parafina offers very similar products to Riomio's and

¹ Sources: La Collectionneuse, Nit, Cruswimwear website and Pesquisa Online Marcas INPI

according to its website (n.d.) the brand sells the similar models between €26 and €35. Finally, it is difficult to find a similar product to Riomio's macramé glasses straps. Despite not being made in macramé, the Portuguese brand Cantê Lisboa sells glasses straps for €4 each as it is possible to verify in its online shop (n.d.).

3.3. SWOT analysis

In order to analyze the context where Riomio stands both externally and internally, a SWOT analysis will be conducted. This framework is particularly useful to understand how the brand can take the most of its strengths in order to explore the opportunities that exist in the Portuguese crochet swimwear market while consisting itself of a solution to end or, at least, to diminish the problem of the inactive aging population in Portugal.

Strengths

- The complex macramé patterns present on bracelets and camera straps prevents the emergence of perfect substitutes in market.
- Low initial investment and very soft cost structure.

Weaknesses

- The production capacity represents the main restriction of this brand since each piece is handmade which implies that it takes longer to produce the goods and therefore, to create a stock of them as well.

Opportunities

- There is a lot to develop in the crochet swimwear market in Portugal. While there has been a boom in the standard lycra swimwear in the last years, the crochet swimwear is still very shortly represented in the Portuguese market.
- Health benefits related to crafting are still very under-exploited in Portugal.

Threats

- Swimwear and accessories mass-production brands being able to easily copy innovative designs from handmade small businesses as Riomio.

3.4. Segmentation, Targeting, Positioning

Because not every customer is the same within a market, it is extremely relevant to segment it in order to assess which are the segments with whom a brand creates more value. In Riomio's case, this analysis is done for its main product, the crochet swimwear. This decision takes into consideration that the macramé products serve as complements to all the lifestyle concept created around the crochet swimwear, helping to soften the seasonality of its revenue streams. The four variables used to segment the crochet swimwear market are the ones suggested by Lim (2019): (1) Geographical, (2) Demographical, (3) Psychographical and (4) Behavioral. In compliance with these four variables, it is possible to identify three customer segments: beach lovers, trend followers and lastly, luxury customers. These three segments cannot be differentiated geographically since nowadays it is possible to ship almost to everywhere thanks to the universal mail standardization. Accordingly, the following table summarizes the information about each of the other three variables regarding the segments under analysis.

	Beach lovers	Trends followers	Luxury customers
(2)	12-70 years old, women, any level of income	16-30 years old, women, average to high income	32-70 years old, women, very high income
(3)	Any social class, appreciates beachwear	Middle class, standard to high product quality preferences	Upper class, high quality consumption choices
(4)	Likely to have a lot of swimwear pieces as well as other beach accessories	Aware of what their fashion idols wear, fond of being first buyers of a new collection	Do not buy cheap goods, appreciate handmade products as pieces of art

Figure 2: Crochet swimwear market segments (own figure).

In spite of being true that luxury customers appreciate art, on which handmade crafting is also included, they value even more the brand equity that luxury brands possess. Therefore, this segment is clearly out of Riomio's target, leaving the available resources it has to focus on delivering value to the other two customer segments: beach lovers and trend followers. It is important to note that even though any person may love to go to the beach regardless of his/her level of income, not everybody can afford to buy a Riomio swimwear product and therefore, it is predictable that sales from the beach lovers segments should come mainly from customers with medium to high income. Similarly, within the trends followers segment, it is women with medium to high income level that Riomio should target given that handmade products must be priced higher than mass-produced ones. These two segments are clearly valuable for Riomio to target because firstly, beach lovers' swimwear pieces usually have a small life cycle as they are very frequently exposed to damaging factors from the beach such as sunlight, salt and sand. This fact makes a beach lover a customer who usually buys new swimwear every summer. Secondly, the segment of the trends followers consists of a young public who makes a lot of use of their social media to follow their fashion idols, many being influencers, who are very broadly used nowadays by brands to announce their new collections. Since Riomio relies a lot on online orders and given that almost all the promotion of the brand is made through social media (more details on promotion section), this customer segment is very important to target.

Because these two customer segments may also be targeted by competitors who offer similar products to Riomio swimwear, a clear position in the market must be conveyed to beach lovers and to trends followers. Starting with the Portuguese market, which is the market from which all revenues were generated so far, it is evident that the two competitors follow opposed strategies: Cru Swimwear aims to be perceived as a premium brand while Hapuke aims to be thought of as a more affordable and standard one. These two positions are easily reflected on the prices charged by the two brands as the following graph shows:

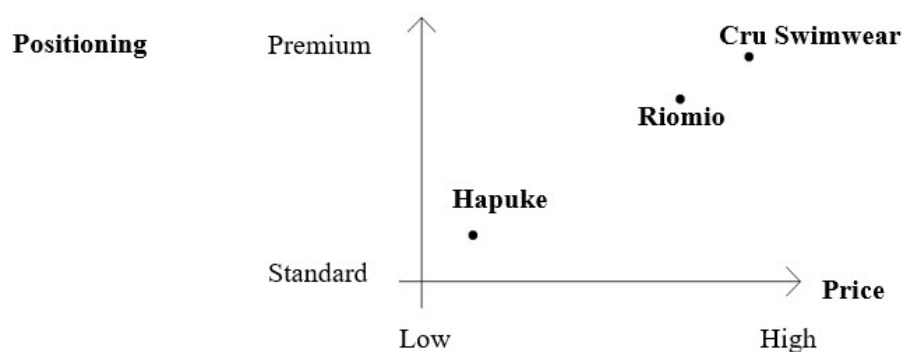


Figure 3: *Riomio's positioning relatively to the Portuguese competitive market environment*

Although Riomio is positioned between the two competitors, it aims to become a premium brand which is possible with a lot of work in developing the brand's image, a loyal customer base and an effective marketing strategy. Therefore, for now Riomio opts not to be as premium as Cru Swimwear, but will do so in future Summer collections when the brand is more consolidated than now. Besides this, Riomio is about to position itself as a social responsible brand once it puts its social project into practice, that is, once it formalizes the first partnership with one elderly experienced crafter with whom the brand is counting to help in the production process. Regarding the positioning relatively to the international competitors, namely She Made Me, Anna Kosturova and Maiyo, Riomio is expected to position itself slightly less premium than these brands but as Riomio grows and expands into new markets in the future, it may be the case of needing to reformulate its positioning as a way to adapt to potential new customer segments and respectively, their needs.

4. Marketing

4.1. Value Proposition

Carrying a handmade piece that stands out by its authentic design feels very special, even more when you decide how you want it. It is a choice, it is a lifestyle.

4.2. Marketing Mix

4.2.1. Product

In Riomio all the products are handmade (swimwear, bracelets, camera and glasses straps), which enables the creation of a series of unique and original collections of products. While the swimwear, camera and glasses straps are 100% made with acrylic, the bracelets are the only product of the brand which is 100% made with cotton. Since the brand's creation on the 17th June 2019, it has created its Summer and Winter Collection, the former dominated by crochet swimsuits and bikinis and the latter by macramé accessories (bracelets, camera and glasses straps). It is important to highlight that the core business in Riomio is the crochet swimwear, since it is not only the main source of revenue (and profit) of the brand but it is also the core activity that can be taken by the elderly, taking into account that there are many more aged people that know how to crochet but not properly macramé (the technique used to produce bracelets, camera and glasses straps). The main reason why the brand has introduced these three macramé products is to fight the seasonality that is inherent to the swimwear market. By doing this, Riomio assures a more constant revenue stream throughout all the year. Accordingly, the Summer collection comprises 3 models of swimwear, while the Winter one comprises 4 models of bracelets, and 1 model of camera and glasses straps each.

4.2.2. Place

While Riomio sells all products online, only one of them is also sold physically, the glasses

straps. This product is sold under a consignment sale agreement with a physical shop, loja Manias, located in Santo Amaro de Oeiras, in Portugal. (see Appendix 6)

4.2.3. Price

As a brand of handmade products, Riomio aims to deliver the value of the unique creative process to its target customers segments. Besides passing that message to public through marketing, it is one of its components that reflects inevitably a lot of the customer's value perception of a brand, price. It is very important that this component of the marketing mix is coherent with the defined brand's position in the market. Therefore, since Riomio is not as affordable as Hapuke but at the same time, not as premium as Cru Swimwear, its price for swimwear should sit between the price ranges of these two competitor brands. Accordingly, Riomio priced two bikini models at €57,00 and €62,00 and the only swimsuit model at €78,00. Regarding the other products, the macramé made ones, their prices reflect a lot the characteristics of each piece. For instance, the most difficult product to make, the camera strap, is priced at €64,00 due to its length and complexity of its pattern. The opposite situation is relative to the glasses straps since they consist of the simplest pattern one can find in macramé, and its inherent quickness in the production process enables it to be sold at €4,00. In the middle of these two scenarios, the bracelets appear as a moderately easy pattern to make, but because each model has its own features, prices of each are differentiated as the following table shows.

Passitti Bracelet	Bellon Bracelet	Crucianella Bracelet	Bezira Bracelet
€16,00	€13,00	€12,00	€16,00

Figure 4: *Different prices for different models of Riomio's bracelets*

These prices are the ones charged directly to the costumers that order the products online and they represent final prices since they already include shipping costs. The only product which is sold both online and physically, the glasses strap, has its price set differently in the two sales channels: online is 4,00€ and in Loja Manias is 4,90€. The consignment sale agreement

establishes that for each sale, Riomio gets 2,90€, the shop owner gets 0,87€ and the rest; 1,13€ is the amount paid for the Value Added Tax in Portugal (23%). More on Riomio's fiscal compliance will be explained further in section Financial Analysis and Planning.

4.2.4. Promotion

The marketing strategy of the brand is aligned with the channels through which more sales are achieved: online. Therefore, Riomio's promotion relies mainly on the spread of digital content in social media, namely on Instagram, where potential customers get to know the products and have the possibility to contact directly with the brand. The brand's Instagram page represents a first approach to new potential customers and it is through it where they are forwarded to the website, where more detailed information about the products, price and the ordering process is available. The Instagram account provides a very basic data analysis regarding the content reach, impressions and interactions as well as demographics of the followers (age, gender and geography) which can be useful when choosing in which fairs to participate.

4.3. Customer Relationship

The customer plays a central role in the designing of the product since Riomio makes it possible to personalize a model according to the customer's preferences of colour and size as well as other special requests. For instance, one of the Stretlizia bikinis produced this summer took into account the special request of the customer to include some natural shells she had brought from Mozambique (see Appendix 7). This closeness to the customer is what differentiates Riomio from the swimwear mass production market, where every piece is exactly the same. As opposed to this, Riomio encourages the customer to personalize his/her order, giving him/her the opportunity to be creative and therefore, buy a unique piece.

5. Management Structure and Strategy

The management structure of the brand is the simplest possible: the person who is running the business is the same that owns it, Maria Lima. She aims to expand the business and knows that it will be only possible with more people working for the brand. As its first six months of existence served to test whether the products had a good adherence in the market as well as to guarantee it had financial sustainability to carry on, the objectives of expansion for the next 12 months rely on several areas of the value chain of the business. For this analysis, the Primary activities from the Porter's Value Chain framework will be used. The strategy to create further value in the next year is based mainly on a restructure of the primary activities of the brand. By passing the production process of the crochet swimwear to other people, this will firstly dignify other people's work and talent and secondly, empower them by paying fair wages, to avoid their isolation and to promote the exchange of knowledge and experiences. By employing these people to the operations/production section, the founder will have more time to devote to the other four primary activities: inbound logistics, outbound logistics, marketing & sales and service (Mindtools n.d.). With regards to the inbound logistics, the founder is willing to improve and create new supplier agreements aiming at a supplying cost reduction as demanded quantity of materials increases. Concerning the outbound activities, the focus is on orders management and distribution channels by investing on an online shop with own domain using an e-commerce platform and establishing more retailing partnerships. The process to reach more shops to resell Riomio's products will be the same as with our first reseller, loja Manias, which is to go to that shop and present the products of the brand directly to the shop manager/owner. Four of the most strategic shop locations in Portugal to resell Riomio's products are in the city and village centers of Lisbon, Oporto, Cascais and Sintra since these places are some of the most visited places in Portugal, targeting therefore a potential new customer segment which consists very briefly of tourists that may be interested in buying a 100% Portuguese handmade product. In terms of

marketing & sales, creating and managing the digital content on social media will be the main drive of expansion of the brand towards new markets. For that, investing on influencers that represent well the values of the brand may be a very effective way to reach new potential costumers and, consequently, sales. As Mathew (2018) says “Advertising through influencers allows brands to promote through someone that a niche community watches, engages with and trusts on a daily basis. So (...) consumers are trusting that if their influencer of choice loves the product, they will too”. Finally, with the production process being extended to more people, more time will be available to take care of the post-purchase service, as clients may want to exchange their product for a different size or colour as well as simply needing to contact the brand for other purposes. When accounting for the fact that expanding the production capacity is a key step for the next years of operation, the brand sets the goal of establishing a team of talented people that are willing to discover their potential. Although Riomio is open-minded in the sense that it accepts crafters from all ages and gender, if the brand has the opportunity to help firstly elderly crafters, it will prioritize them given the already described general conditions of loneliness from which many advanced-age individuals are victims of in Portugal as well as the less available professional opportunities that exist for this segment of the population compared to younger ones.

6. Financial Analysis and Planning

The simple business structure that characterizes Riomio is also reflected in a very straightforward income statement: the brand’s profit is simultaneously Gross profit, EBIT and Net income. Firstly, because Riomio did not have any general & administrative expenses nor marketing & selling ones (all promotion done in Social media was not paid but organic), Gross profit equals EBIT. Secondly, since Riomio is only a brand and it is not owned by a company, corporate income tax is not applicable in this case but rather personal income tax on the brand’s holder and founder, Maria Lima. However, as the projected sales volume of the brand does not

surpass €10.000,00 annually, the brand's holder is exempted from personal income tax in accordance to the Article "101.º do CIRS" (Guerreiro, n.d) which explains why the EBIT is exactly the same as the Net income. As long as the brand does not have a higher amount of annual sales of €10.000,00; the holder is also exempt from the Value Added Tax according to the Article 53º in the Portuguese Value Added Code (Guerreiro, n.d). Now that fiscal compliance is explained, it is relevant to show the cost structure, prices and margins for each of Riomio's products. The following table summarizes all that information.

Product	Mat. Cost	Time	Shipping cost	Selling Price	Margin €	Productivity
Strelitzia Bikini	2,20€	5 h	1,95€	62,00	57,85	11,57€/h
Pardicci Bikini	2,00€	4 h	1,95€	57,00	53,05	13,26€/h
Orchidea Swimsuit	4,60€	7 h	1,95€	78,00	71,45	10,21€/h
Sardennia Strap	3€	15 h	1,95€	64,00	59,05	3,94€/h
Glasses Straps	0,16€	1 h	1,95€	4,00	1,89	1,89€/h
Passitti Bracelet	1,05€	2 h	1,95€	16,00	13,00	6,5€/h
Bellon Bracelet	0,95€	1,5 h	1,95€	13,00	10,10	6,73€/h
Crucianella Bracelet	0,95€	1,5 h	1,95€	12,00	9,10	6,07€/h
Bezira Bracelet	0,80€	2,5 h	1,95€	16,00	13,25	5,30€/h

Figure 5: *Costs, Selling Prices, Margin and Productivity analysis per product*

A very important thing to emphasize is that since all the production process was entirely delegated to the brand's holder during the first 6 months of existence of the brand, it is not possible to measure labour cost but rather considering her opportunity cost of time (column Time from figure 5) into the analysis. After this, it is possible to calculate the net productivity (€/hour) relative to each product by dividing the margin (in €) by the amount of time spent (in hours) to produce each good. It is easily noticeable that the material cost is very small and once Riomio starts to pay to other people to produce the goods, it will be evident that the major cost component will be the labour cost. Finally, the shipping component is processed by using the registered mail from CTT Correios de Portugal. The financial projections for the next 12 months

of the brand are entirely based on assumptions since there is not enough generated data from the past in order to build a reliable forecast of volume of sales. Therefore this projection consists uniquely of a scenario. Whether it will be achieved or not, that will be majorly due to Riomio's performance and ability to grow. Given this, Riomio's owner is expecting the total sales volume of 2019 to quadruplicate in 2020, obtaining therefore a total amount of sales of €2460. This expectation is based mainly on the expansion of the production capacity included in the strategy set for the next 12 months. In that sense, by having both crochet swimwear orders increasing in the next year as well as a strategy to fight its seasonality through the sale of macramé products, the founder believes that Riomio will have the financial stability to guarantee a sustained accomplishment of its social mission.

7. Conclusion

This business plan aims to convey the message that any person can start a business with a relatively low investment and risk while contributing to provide solutions to social problems. Concretely, it is urgent that society starts valuing more the elderly segment of population who owns so much knowledge, experience and talent to pass to younger generations. And when referring to society, it includes all individuals and not only the State. According to Cook (2018) "Increased longevity represents the biggest business opportunity of the 21st century" and therefore, people should act towards the empowerment of this increasing segment of the population (at least in Europe). In spite of the seemingly small impact one can have when setting up a project like this, it might develop much further and reach many people in need. Besides that, the possibility of contributing to fight loneliness of elderly people and to make them happier gives the founder a much bigger fulfillment than if Riomio had no social mission at all. To conclude, there is still a lot to create in the swimwear market in Portugal, especially in the crocheted one, and the potential that Riomio has to grow in the future reveals an opportunity to develop this market further while contributing to leave a positive social impact.

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Appendix



Appendix 1: Strelitzia bikini (top part)



Appendix 2: Sardennia Camera Strap



Appendix 3: Orchidea swimsuit



Appendix 4: Crucianella bracelet



Appendix 5: Glasses straps



Appendix 6: Glasses straps in Loja Manias



Appendix 7: Personalized order

PRODUCT	Orders	Registered mail	Hand delivery	Profit	Margin with	Margin w/out
		Shipping costs	No shipping costs		shipping cost	shipping cost
Strelitzia Bikini	3	1	2	177,45	57,85	59,8
Pardicci Bikini	2	1	1	108,05	53,05	55
Orchidea Swimsuit	1	1	0	71,45	71,45	73,4
Sardennia Strap	2	2	0	118,1	59,05	61
Glasses Straps	7	3	4	21,03	1,89	3,84
Passitti Bracelet	2	1	1	27,95	13	14,95
Bellon Bracelet	1	1	0	10,1	10,1	12,05
Crucianella Bracelet	3	2	1	29,25	9,1	11,05
Bezira Bracelet	0	0	0	0	13,25	15,2
TOTAL PROFIT Jun-Dec 2019				563,38		

Appendix 8: Riomio's profit from June to December 2019